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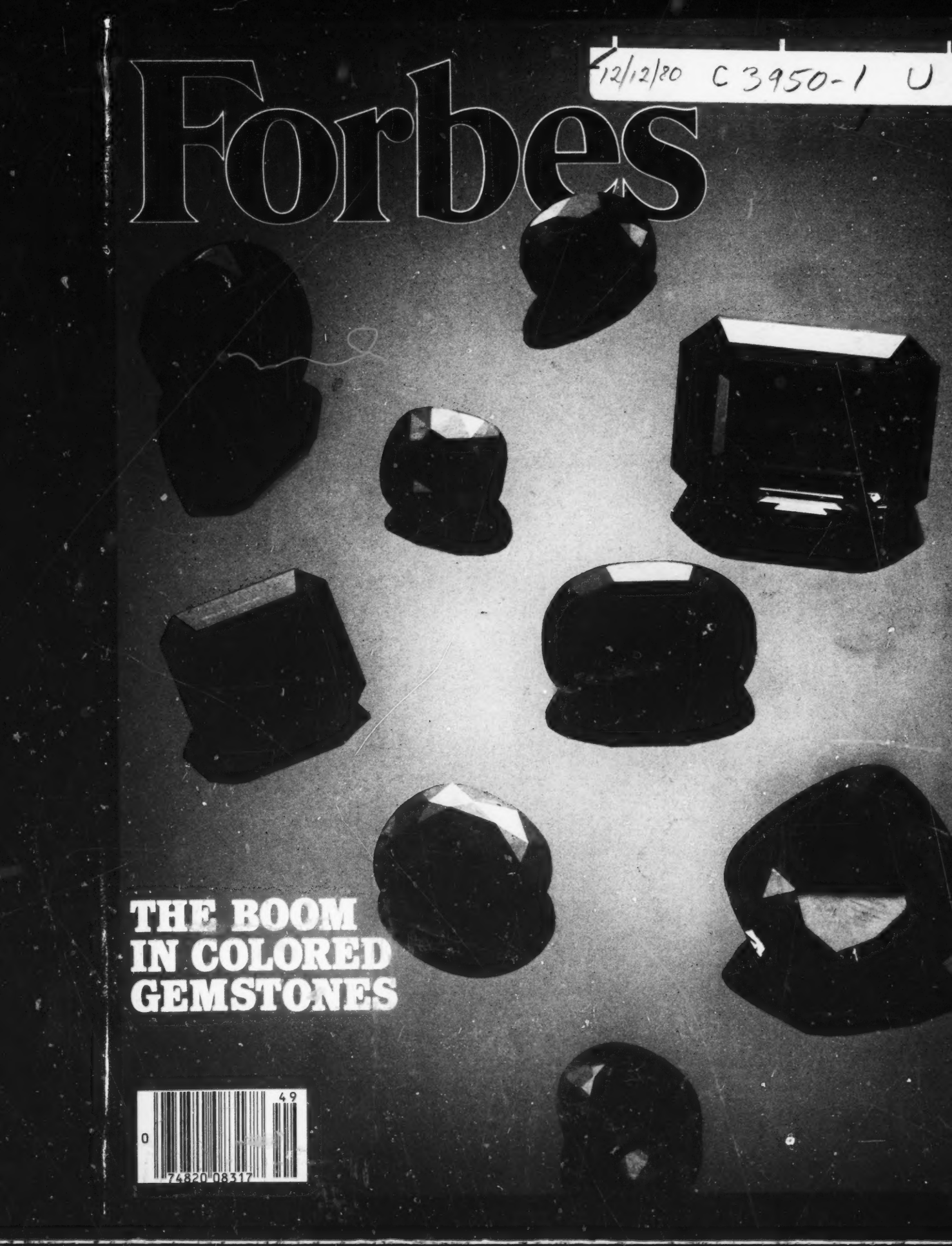

THE BOOM IN COLORED GEMSTONES

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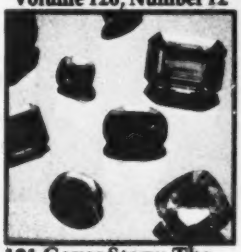

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Why take big risks with new stock issues in high-technology or bioengineering when history suggests that you can beat the averages by buying low-multiple stocks?

Statistical Spotlight

Winning with the losers

By Steve Kichen

IN HIS AMUSINGLY irreverent book *Contrarian Investment Strategy: The Psychology of Stock Market Success* (Random House, 1979), David Dreman takes great pleasure in citing case after case in which the experts have been wrong: In 1524 the most renowned seers of the time were convinced that the Thames would engulf all London in a disastrous flood. It has yet to occur. On the eve of WWII Neville Chamberlain said at Croydon Airport, "I bring you peace in our time." And then, of course, there was the famous remark of Yale economist Irving Fisher that "stocks are now at what looks like a permanently high plateau"—which, to his everlasting regret, he made just a few days before Black Tuesday, 1929.

Dreman's point, which of course traces right back to Benjamin Graham, is that betting against the experts isn't just fun—it can be quite profitable as well. In the stock market, betting against the experts means betting against a company's price/earnings multiple since that multiple represents the consensus of expert opinion as to what the company's future earnings will be. Because experts are often wrong, the multiple is often too high or too low. Therefore the chances are far better than even that any stock whose multiple is above or below the market average will tend eventually to move back to the market average. Getting a bit fancy, Dreman calls this "The Principle of Regression to the Mean."

If you buy that theory, then it follows that one should buy the low-multiple stocks and short the high-multiples. But shorting high-multiple stocks is a far riskier business. For one thing, selling short involves borrowed money. Also, the upside risk in short-selling is potentially infinite, whereas the downside risk in buying long is only 100%. So Dreman's advice focuses on the safer side of the argument: Buy low P/E stocks.

Recently, several major studies have confirmed that investing in low-multiple stocks is an approach that does, in fact, tend to outperform the market averages over time. Last year FORBES even ran a list of 123 stocks with sales of $500 million or more and multiples in the lowest 20% of the market (based on the latest 12-month earnings). Every P/E on this group was under 5.0. Looking at that same list this year we found the portfolio was up 23%, as against a 14% gain for the Dow industrials. Moreover, the low-multiple portfolio yielded almost 7% *vs.* just 6% for the Dow. So the total return for low-P/E stocks was 50% better than the total return for the Dow.

Our low-P/E portfolio didn't do as well as the S&P's 500, which was up 25% for the year, or the broader-based Wilshire index, up 30%. In part that's because of the relative cheapness of equities in general. With the public rushing back into stocks across a broad front, gains of low-multiple stocks tended to get lost in the shuffle. Also, one year simply isn't enough to test the theory.

In compiling a similar list this year, we found we had to lower our minimum sales volume criterion from $500 million to $200 million to put together a portfolio of equal variety. With low-multiple stocks becoming a scarcer commodity, perhaps we'll see more of some of the fabulous gains in last year's low P/E portfolio: E.F. Hutton, up 278%; USAir, 160%, and Amerada Hess, up 104%. Another thing an investor might do that we have not done in our new list is raise the criteria to screen out potential dogs: a current ratio greater than 2, for example, or long-term debt no more than 40% of total capital.

Will "the losers" outpace the winners? It's still a bit too soon to tell, but it is clearly a horserace.

Testing low P/E stocks

In November 1979 FORBES ran a list of 123 stocks with low price/earnings ratios. On average, these stocks appreciated 23% in price. Ninety-three stocks are up in price and 30 stocks are down (from 1% to 56%). The list below contains the 25 stocks from the FORBES November 1979 list that had the greatest price appreciation.

Company	Appreciation	Price recent	Price Nov 1979	Price/earnings ratio recent[1]	Price/earnings ratio Nov 1979	Latest 12-month EPS	Book value per share
EF Hutton Group	277.8%	34	9	6.3	3.8	$5.36	$13.82
USAir	160.0	17⅞	6⅞	4.4	3.3	3.98	13.76
US Home	155.4	26½	10⅜	7.7	3.4	3.41	12.43
Seaboard Coast Lines (CSX)[2]	117.8	55	25¾	NM	3.1	NM	NM
Raymond International	115.0	28¾	13⅜	31.3	3.9	0.92	16.92
LTV	104.8	15⅞	7¾	4.3	2.0	3.65	8.95
Amerada Hess	103.7	41¼	20¼	6.3	4.2	6.59	22.62
Paine Webber	95.8	17⅝	9	20.3	4.0	0.87	13.81
Alcan Aluminium Ltd	94.0	36⅛	18⅝	5.5	4.0	6.62	25.10
Teledyne	91.4	189	98¾	8.4	4.5	22.46	72.38

[1]Latest 12-month earnings. [2]Seaboard Coast Lines and Chessie System merged into a new holding company, CSX. Terms of exchange: 1.324 shares of CSX for each Seaboard share, and 1.00 share of CSX for each Chessie share. Recent price shows what a single share of Seaboard or Chessie is worth at the present time. Pro forma figures for CSX: Recent price/earnings ratio is 5.9; latest 12-month earnings per share, $7.06; book value per share, $69.20. NM: Not meaningful.

Testing low P/E stocks

Company	Appreciation	Price recent	Price Nov 1979	Price/earnings ratio recent[1]	Price/earnings ratio Nov 1979	Latest 12-month EPS	Book value per share
ASARCO	83.1%	46	25⅛	5.0	3.3	$ 9.12	$38.26
Lear Siegler	80.7	33⅞	18¾	8.0	4.0	4.23	18.00
A-T-O	80.6	16¼	9	5.2	3.5	3.12	14.65
Norfolk & Western Railroad	75.6	39½	22½	5.9	3.8	6.64	44.13
Zayre	65.9	18¼	11	6.4	3.9	2.85	29.50
Allegheny Ludlum Industries	63.9	37½	22⅞	5.0	3.2	7.44	28.75
Chessie System (CSX)[2]	63.5	41½	25⅜	NM	4.0	NM	NM
Dillingham	57.1	17⅞	11⅜	6.8	4.1	2.63	17.22
GDV	53.4	14	9⅛	6.4	3.5	2.18	13.47
Hammermill Paper	52.4	28	18⅜	5.2	4.5	5.38	36.84
Lone Star Industries	51.6	35¼	23¼	6.5	4.5	5.44	31.82
Amfac	50.9	32¼	21⅜	7.8	4.7	4.11	29.43
Reliance Group	46.5	67¾	46¼	6.0	4.7	11.23	49.23
Gulf & Western Industries	45.3	17¼	11⅞	3.9	3.2	4.38	21.03
Armco	43.8	34⅞	24¼	8.5	4.7	4.09	36.04

[1]Latest 12-month earnings. [2]Seaboard Coast Lines and Chessie System merged into a new holding company, CSX. Terms of exchange: 1.324 shares of CSX for each Seaboard share, and 1.00 share of CSX for each Chessie share. Recent price shows what a single share of Seaboard or Chessie is worth at the present time. Pro forma figures for CSX: Recent price/earnings ratio is 5.9; latest 12-month earnings per share, $7.06; book value per share, $69.20. NM: Not meaningful.

The bargain basement revisited

Here is a new FORBES computer screen on low-multiple bargain stocks. The list below contains 151 stocks with P/E ratios less than 5.0. Because the ranks have thinned in the recent market runup, we lowered our minimum sales volume requirement from $500 million to $200 million this year.

Company/industry	Price/ earnings ratio	Recent price	Earnings per share: latest fiscal year	Earnings per share: most recent 12 months	Indicated dividend	Indicated yield	Book value per share	Return on book value	Long-term debt as % of capital	Current ratio
Tesoro Petroleum/oil & gas	2.4	22⅛	$4.03	$8.87	$0.30	1.4%	$20.04	66.4%	24%	1.2
Grolier/publishing	2.5	1¾	0.24	0.70	—	—	neg	NM	100	2.6
Corp Falconbridge Copper/mining	2.7	10¼	3.59	3.69	1.00	9.8	8.44	43.7	0	2.9
Charter Co/oil & gas retailing	2.7	18	14.93	6.47	1.00	5.6	22.14	29.2	48	1.4
Allied Van Lines/trucking	2.9	4⅛	0.60	1.39	—	—	12.25	11.6	30	1.2
Banco Popular de Puerto Rico/banking	2.9	23½	6.01	7.87	1.45	6.2	39.32	21.0	21	NA
Fuqua Industries/multicompany	3.1	15	5.11	4.79	0.50	3.3	15.77	30.4	63	2.0
Gr Lakes Forest Prods/paper, forest prods	3.1	57⅜	13.32	18.21	2.00	3.5	37.90	48.0	32	2.7
Midlantic Banks/banking	3.2	28	7.91	8.58	2.36	8.4	43.81	22.5	25	NA
Occidental Petroleum/oil & gas	3.2	31½	7.30	9.64	2.00	6.3	22.14	56.7	37	1.0
Consolidated-Bathurst/paper, paper prods	3.3	17⅞	4.27	5.31	1.30	7.3	16.19	32.8	41	2.5
Rath Packing/meat packing	3.3	5⅛	d1.25	1.52	—	—	neg	NM	100	1.3
Dominion Textile/textiles	3.4	12⅞	3.66	3.72	1.00	7.8	21.50	19.4	34	2.1
DuPont of Canada/chemicals	3.5	23¼	7.46	6.62	1.05	4.5	29.05	22.8	34	1.8
Girard/banking	3.5	23	6.23	6.44	2.00	8.7	43.53	15.4	32	NA
Lincoln First Banks/banking	3.6	20	5.96	5.54	2.00	10.0	52.57	10.9	35	NA
Bankers Trust NY/banking	3.6	50¼	9.37	13.92	3.30	6.5	78.59	19.4	25	NA
Manufacturers National/banking	3.6	21	6.68	5.75	2.20	10.5	48.92	12.0	17	NA
First Farwest/life insurance	3.6	9⅞	3.45	2.68	0.25	2.5	20.24	13.3	25	NA
Chase Manhattan/banking	3.7	39⅝	9.07	10.60	2.80	7.1	69.06	16.8	31	NA
Reynolds Metals/aluminum	3.7	37¼	9.25	9.91	2.20	5.9	61.19	16.2	42	1.9
Idle Wild Foods/food processing	3.7	13½	3.58	3.58	0.80	5.9	23.55	16.3	17	1.6
Savin/office equipment	3.7	12¼	3.44	3.24	0.70	5.7	15.21	27.1	55	1.8
Colonial Penn Group/life insurance	3.7	16⅞	4.45	4.45	1.40	8.3	22.57	21.3	—	NA
New England Merchants/banking	3.7	27⅛	5.81	7.14	1.80	6.6	40.38	19.1	29	NA
Kaiser Aluminum & Chems/aluminum	3.8	24⅝	5.66	6.45	1.40	5.7	28.48	22.6	37	1.5
Arden Group/grocery stores	3.8	3⅞	0.45	1.01	—	—	7.50	15.9	58	1.2
Society Corp/banking	3.8	16¼	4.36	4.24	1.32	8.1	31.65	13.9	14	NA
Amer Fletcher/banking	3.8	16½	4.15	4.24	1.24	7.5	33.44	13.3	9	NA
Chemical New York/banking	3.8	40½	9.04	10.41	3.48	8.6	76.29	14.2	34	NA
State Street Boston/banking	3.9	39¾	7.07	10.19	2.20	5.5	56.15	18.1	39	NA
SE Nichols/retail	3.9	3⅜	1.02	0.86	0.03	0.9	6.54	12.9	54	2.1
Avco/multicompany	3.9	27	8.25	6.86	1.20	4.4	41.33	17.7	83	NA

NA: Not applicable. NM: Not meaningful. neg: negative. d: deficit.

Source: Standard & Poor's

The bargain basement revisited

Company/industry	Price/ earnings ratio	Recent price	Earnings per share: latest fiscal year	Earnings per share: most recent 12 months	Indicated dividend	Indicated yield	Book value per share	Return on book value	Long-term debt as % of capital	Current ratio
CBT/banking	3.9	23¾	$5.25	$6.04	$2.00	8.4%	$40.61	15.6%	17%	NA
Gulf & Western Inds/multicompany	3.9	17¼	4.38	4.38	0.75	4.3	21.03	20.8	56	1.8
Old Republic International/insurance	3.9	15¾	4.31	4.00	0.92	5.8	16.35	25.0	23	NA
First & Merchants/banking	3.9	19¼	4.58	4.88	1.76	9.1	38.99	13.2	24	NA
BayBanks/banking	3.9	33	7.50	8.35	2.80	8.5	60.57	14.9	9	NA
Revere Copper & Brass/metal fabricating	3.9	16	4.50	4.01	—	—	30.13	14.3	50	2.5
Savannah Foods & Inds/food processing	4.0	24½	2.26	6.10	1.56	6.4	21.44	30.0	36	1.2
Indiana National/banking	4.0	14	2.45	3.44	0.80	5.7	25.69	14.6	20	NA
Pueblo Intl/grocery stores	4.0	3⅝	0.89	0.89	—	—	7.23	13.0	50	1.2
United Jersey Banks/banking	4.0	10⅛	2.40	2.48	1.08	10.7	21.22	12.5	29	NA
Rose's Stores/retail	4.0	16¾	4.10	4.09	0.80	4.8	33.07	12.5	15	2.9
Star Supermarkets/grocery stores	4.0	11¼	3.64	2.75	0.80	7.1	21.07	13.7	50	1.2
Domtar/paper & paper products	4.1	26⅛	6.57	6.41	2.00	9.1	30.11	21.3	24	2.0
Provident National/banking	4.1	28¼	5.64	6.88	2.40	8.5	46.49	15.9	16	NA
Maryland National/banking	4.1	17½	3.63	4.25	1.00	5.7	31.71	14.6	23	NA
PSA/airline	4.1	28	5.06	6.77	0.60	2.1	22.90	29.6	62	1.0
Seaway Food Town/grocery stores	4.1	11½	2.78	2.78	0.72	6.3	17.20	17.7	50	1.5
Centran/banking	4.1	27¾	6.31	6.68	2.40	8.6	46.75	14.8	27	NA
Mercantile Bancorp/banking	4.1	26	5.56	6.26	2.48	9.5	40.26	16.4	28	NA
Huntington Bancshares/banking	4.1	27¾	6.66	6.67	2.00	7.2	48.88	14.7	13	NA
First National Boston/banking	4.1	34½	6.90	8.27	2.20	6.4	57.26	15.9	41	NA
Philadelphia Natl/banking	4.1	30	6.77	7.19	2.64	8.8	55.29	13.6	26	NA
United Virginia Bankshares/banking	4.1	25⅜	5.50	6.07	1.60	6.3	37.67	17.5	33	NA
British Petroleum/oil & gas	4.1	45⅜	9.32	10.87	1.71	3.8	—	—	100	1.7
Ceco/building materials	4.1	19⅜	3.42	4.62	0.90	4.6	31.20	15.8	21	2.3
First Union Corp/banking	4.1	17	3.50	4.05	1.04	6.1	21.28	19.0	40	NA
National Detroit/banking	4.1	27⅛	6.77	6.46	2.00	7.4	51.98	13.0	14	NA
Irving Bank/banking	4.2	40¼	7.84	9.56	2.72	6.8	64.02	16.5	31	NA
Citicorp/banking	4.2	19¼	4.36	4.54	1.42	7.4	28.81	15.8	63	NA
Crown Central Pete/oil & gas retailing	4.2	25½	13.37	6.00	1.60	6.3	34.80	18.3	33	1.3
Hanover Insurance/insurance	4.2	46½	9.09	10.87	0.72	1.5	56.26	21.6	—	NA
Marine Midland Banks/banking	4.2	16⅜	3.41	3.83	0.90	5.5	39.46	10.3	35	NA
Standard Commercial Tobacco/tobacco	4.2	14¼	3.34	3.33	0.38	2.6	22.46	15.3	33	1.3
Manufacturers Hanover/banking	4.2	28⅝	6.41	6.68	2.52	8.8	50.01	14.3	36	NA
Virginia National Bankshares/banking	4.2	13⅞	3.13	3.23	1.20	8.6	21.96	15.6	35	NA
First Natl State Bancorp/banking	4.3	21	4.47	4.88	2.20	10.5	34.48	14.2	22	NA
Dan River/textiles	4.3	15¾	3.90	3.64	1.12	7.1	33.12	11.5	29	3.2
Cyclops/steel	4.3	23½	6.81	5.42	1.23	5.2	46.60	11.6	38	2.1
Algoma Steel/steel	4.3	33½	8.65	7.72	1.00	3.0	49.32	15.7	34	2.8
Bank of New York/banking	4.3	33¼	7.11	7.66	3.00	9.0	59.26	13.6	9	NA
LTV/multicompany	4.3	15⅞	5.23	3.65	—	—	8.95	40.8	88	1.8
California 1st Bank/banking	4.3	13¾	3.56	3.16	1.08	7.9	24.53	13.7	30	NA
SCM/multicompany	4.3	25½	5.55	5.86	1.80	7.1	46.14	14.0	34	2.4
Chubb/insurance	4.4	38	7.87	8.60	2.40	6.3	50.07	19.1	7	NA
Cone Mills/textiles	4.4	40	7.54	9.06	2.00	5.0	53.21	18.3	7	3.5
Strawbridge & Clothier/retail	4.4	23½	5.37	5.32	1.40	6.0	57.85	9.2	40	2.7
National Can/packaging	4.4	23¾	4.81	5.37	0.88	3.7	30.61	19.2	32	1.7
CDI/engineering services	4.4	10¾	2.40	2.42	—	—	7.62	52.8	41	2.0
Hartford National/banking	4.4	19⅛	3.51	4.30	1.60	8.4	33.31	13.8	27	NA
Loews/multicompany	4.4	78¾	17.64	17.70	1.20	1.5	71.01	24.9	51	NA
Consolidated Edison/utility	4.4	21⅜	4.51	4.80	2.68	12.5	43.32	11.1	49	1.7
First Union Bancorp/banking	4.4	19½	4.06	4.38	1.60	8.2	32.67	13.8	16	NA
American Security/banking	4.4	30¼	5.97	6.77	2.20	7.3	44.45	15.5	5	NA
Noranda Mines/copper mining	4.4	24⅝	4.89	5.51	1.20	4.9	16.15	34.1	27	1.8
Shaw Industries/home furnishings	4.4	5	1.10	1.12	0.30	6.0	7.77	15.9	56	3.8
First Natl Supermarkets/grocery stores	4.4	6½	1.24	1.45	0.02	0.3	10.28	14.7	68	1.4
USAir/airline	4.4	17⅞	2.64	3.98	0.12	0.7	13.76	28.9	55	1.0
Industrial National/banking	4.4	19¾	4.02	4.39	1.60	8.1	23.99	18.6	50	NA
Travelers/insurance	4.4	39¾	9.03	8.85	2.48	6.2	58.27	16.1	2	NA

NA: Not applicable. NM: Not meaningful. neg: negative. d: deficit.

Source: Standard & Poor's.

The bargain basement revisited

Company/industry	Price/ earnings ratio	Recent price	Earnings per share: latest fiscal year	Earnings per share: most recent 12 months	Indicated dividend	Indicated yield	Book value per share	Return on book value	Long-term debt as % of capital	Current ratio
Big V Supermarkets/grocery stores	4.5	8¼	$1.86	$1.83	$0.30	3.7%	$9.05	21.5%	38%	1.5
Commerce Bancshares/banking	4.5	21½	4.70	4.77	1.60	7.4	39.75	12.0	6	NA
Bank of Virginia/banking	4.5	12	3.15	2.65	1.16	9.7	25.84	10.5	36	NA
Sherritt Gordon/copper mining	4.5	12¾	3.20	2.82	1.20	9.4	11.07	25.5	29	2.2
First Wisconsin/banking	4.5	27½	5.53	6.07	1.88	6.8	48.64	12.9	25	NA
Pittsburgh National/banking	4.5	40¼	7.97	8.87	2.80	7.0	55.93	17.1	—	NA
Kemper/insurance	4.5	31⅛	6.82	6.85	1.40	4.5	37.18	20.2	8	NA
Detroitbank/banking	4.5	22¼	5.52	4.89	2.00	9.0	38.99	13.4	5	NA
A Schulman/plastics	4.5	16¼	3.57	3.57	0.62	3.8	22.51	17.1	15	1.7
Security Pacific/banking	4.5	28¾	5.97	6.30	2.00	7.0	40.96	16.7	22	NA
Wells Fargo/banking	4.5	24¼	5.75	5.29	1.92	7.9	38.91	14.5	47	NA
West Point-Pepperell/textiles	4.5	42⅛	9.32	9.32	3.20	7.5	68.70	14.6	27	3.1
George A Hormel/meat packing	4.6	17⅞	3.18	3.88	0.84	4.7	21.24	19.6	12	1.8
Warnaco/apparel	4.6	16½	3.28	3.58	0.80	4.8	19.18	18.7	37	2.0
Niagara Frontier Services/grocery store	4.6	18⅞	4.24	4.09	1.00	5.3	23.68	20.0	46	1.7
Graniteville/textiles	4.6	12¼	1.31	2.65	1.00	8.2	23.62	11.7	22	3.3
Kansas Gas & Electric/electric utility	4.6	14	1.84	3.02	1.94	13.9	20.41	14.8	59	1.1
Can Imperial Bk of Commerce/banking	4.6	22	4.75	4.71	1.80	8.2	26.53	17.8	30	NA
Aluminum Co of America/aluminum	4.6	65⅞	14.29	14.11	3.20	4.9	73.18	20.0	27	2.1
Harris Bankcorp/banking	4.6	24	5.22	5.15	2.00	8.3	51.16	10.5	—	3.2
Unilever NV/multicompany	4.6	60½	12.54	12.97	4.25	7.0	68.47	18.3	100	0.6
US Fidelity & Guaranty/insurance	4.6	41½	8.27	8.90	2.80	6.7	44.34	23.7	—	NA
Guilford Mills/textiles	4.6	26⅝	5.67	5.69	0.60	2.3	17.67	45.6	21	3.6
George Weston Ltd/food processing	4.6	22¾	5.06	4.87	1.40	6.1	26.52	18.4	45	1.3
Jamesway/retail	4.6	8⅝	2.29	1.84	0.12	1.4	13.64	13.5	47	2.4
Michigan National/banking	4.6	18½	4.39	3.94	1.20	6.5	31.48	13.3	25	NA
Ti-Caro/textiles	4.6	27	5.75	5.75	2.20	8.1	33.17	17.3	16	3.7
Union Carbide/chemicals	4.6	46¼	8.47	9.86	3.20	6.9	68.19	15.8	27	2.0
Katy Industries/multicompany	4.7	14¼	2.73	3.03	—	—	11.95	25.4	53	2.2
Springs Mills/textiles	4.7	16⅞	3.98	3.58	1.20	7.1	39.78	9.3	14	3.1
Western Casualty & Surety/insurance	4.7	35⅞	7.70	7.61	1.88	5.2	49.10	16.6	—	NA
Commercial Metals/metal	4.7	29⅜	6.20	6.20	0.60	2.0	32.28	22.1	18	1.8
Republic New York/banking	4.7	30½	3.00	6.44	1.04	3.4	19.44	38.2	45	NA
American Water Works/water utility	4.7	11½	2.40	2.42	0.96	8.3	31.47	7.7	68	0.8
Carolina Freight Car/trucking	4.7	11⅜	1.81	2.39	0.44	3.9	13.46	22.7	50	1.1
Riegel Textile/textiles	4.7	22½	3.55	4.73	1.80	8.0	33.29	14.5	25	2.9
Texaco/oil & gas	4.7	40	6.48	8.42	2.60	6.5	43.64	21.5	22	1.7
FW Woolworth/retail	4.7	23⅝	5.07	4.96	1.80	7.6	41.95	11.8	37	1.5
Bangor Punta/multicompany	4.7	27⅞	5.95	5.84	1.00	3.6	22.98	29.4	60	2.3
First Maryland Bancorp/banking	4.7	20⅛	4.04	4.35	1.20	5.8	27.45	16.9	23	NA
Ameritrust/banking	4.7	30	6.24	6.27	2.72	9.1	57.39	11.4	—	NA
American Family/life insurance	4.7	7⅞	2.43	1.59	0.60	7.9	10.16	16.3	20	NA
SS Pierce/food processing	4.7	9¼	3.02	1.93	0.20	2.2	24.47	7.9	57	1.7
Penn Traffic/grocery stores	4.8	14½	3.03	3.02	1.20	8.3	21.55	14.7	33	1.6
Equitable of Iowa/life insurance	4.8	15¾	3.75	3.27	1.20	7.6	30.03	11.2	32	NA
Northwestern Natl Life/life insurance	4.8	28½	5.50	5.89	1.25	4.4	47.11	13.1	—	NA
Mott's Super Markets/grocery stores	4.8	10⅛	2.02	2.09	0.20	2.0	14.22	15.7	3	1.8
National City Corp/banking	4.8	34¼	6.79	7.05	2.75	8.0	44.67	16.5	14	NA
Reeves Brothers/textiles	4.8	32¾	7.71	6.74	2.20	6.8	51.63	14.8	17	3.7
New England G&E Assn/electric utility	4.8	14	2.50	2.86	1.72	12.3	19.48	14.7	57	1.0
Shawmut/banking	4.8	46	8.77	9.39	2.80	6.1	86.79	11.5	16	NA
NCNB/banking	4.9	13	2.46	2.65	0.80	6.2	17.92	16.0	34	NA
DPF/food processing	4.9	6¾	1.48	1.37	—	—	15.72	9.7	74	—
Gulf States Utilities/electric utility	4.9	11¼	1.74	2.28	1.48	13.2	15.42	14.8	61	0.5
Transamerica Corp/life insurance	4.9	18¼	3.66	3.70	1.28	7.0	19.49	20.4	56	NA
US Life/life insurance	4.9	19⅝	3.91	3.97	0.72	3.7	21.85	18.2	37	NA
Piedmont Aviation/airline	4.9	14⅛	3.43	2.85	0.24	1.7	17.74	18.7	69	1.2
CNA Financial/insurance	4.9	17⅞	4.70	3.60	—	—	19.11	18.8	33	NA
United Illuminating/electric utility	4.9	18⅝	3.94	3.74	2.68	14.4	30.22	12.3	55	0.4

NA: Not applicable. NM: Not meaningful. neg: negative. d: deficit.

Source: Standard & Poor's